

STATE OF MAINE
PUBLIC UTILITIES COMMISSION

DOCKET NO. 2000-619

January 17, 2002

NORTHERN UTILITIES, INC.
Request for Approval of Amended
Transportation Capacity Contract With
Affiliate Granite State Gas Transmission
 (§ 707)

MEMORANDUM
CLOSING DOCKET

I. Summary

Northern Utilities, Inc.'s (Northern) amendment to a gas transportation contract with its interstate pipeline affiliate, Granite State Gas Transmission Company (Granite), consolidating three existing transportation contracts between Northern and Granite and increases the total contractual maximum daily quantity from 28,768 dekatherms/day to 66,000 dekatherms/day took effect by operation of law on September 17, 2001. The broader question raised in this docket as to whether Granite should continue as a separate entity can be further considered elsewhere. Therefore, we close this docket.

II. Procedural History

On July 19, 2000, Northern filed a petition for approval of an amendment to a gas transportation contract with its interstate pipeline affiliate, Granite State Gas Transmission Company (Granite). The amendment consolidated three existing transportation contracts between Northern and Granite and increases the total contractual maximum daily quantity from 28,768 dekatherms/day to 66,000 dekatherms/day. The filing contained copies of the existing contracts, the contract amendment, and the supporting testimony of Francisco DaFonte, Director of Gas Control for Bay State Gas Company (Bay State) and Northern.

The Hearing Examiner issued a Notice of Proceeding and Opportunity to Intervene on July 25, 2000 and later granted the petitions to intervene filed by the Office of the Public Advocate (OPA) and Maine Natural Gas, LLC at an initial case conference on this matter held on August 30, 2000 at the Commission premises in Augusta, Maine. In addition, staff conducted a technical conference to obtain further information regarding this proposal from Northern's witness, Francisco DaFonte. A second technical conference was held jointly with the New Hampshire Public Utilities Commission staff on October 13, 2000 at the Company's premises in Portsmouth, New Hampshire. Both conferences were recorded.

III. Record

The record shall include all transcripts, data responses, and filings made in this docket.

IV. Discussion

A. Contract Effective by Operation of Law

The Commission must review any contract or arrangement between affiliates pursuant to 35-A M.R.S.A. § 707 and must find that the transaction is not adverse to the public interest before it gives the contract or arrangement written approval. Unless the Commission suspends the contract or arrangement for an additional 60 days or disapproves a contract within 60 days of the date of filing, a contract or arrangement filed with the commission under § 707 is deemed approved. 35-A M.R.S.A. § 707(3)(A). The Commission did not suspend or approve the contract prior to the expiration of 60 days from the date of filing on September 17, 2001; therefore, the contract took effect on that date by operation of law.

B. Granite As Separate Entity Issue

During the review of this proposed contract amendment, the Staffs of both the Maine and New Hampshire PUCs raised and explored the question whether it was in the public interest for Granite, which functions in large part as the "backbone" to Northern's distribution system in both states, to remain as a separate entity or an interstate pipeline. This question remains unresolved and the commissions are continuing to explore the question in other ways. There is no need to keep this docket open to continue to explore this issue. Thus, the docket will now be closed.

BY ORDER OF THE HEARING EXAMINER

Carol A. MacLennan